AIIA Pre-Budget Statement and Priorities 2023-24

Introduction

The AIIA believes the Federal Budget 2023-24 presents the opportunity to ensure strategic funding is allocated to building the capacity of Australia's digital economy, including in critical and emerging technologies, to ensure continued national resilience and economic growth.

The AIIA acknowledges and supports the $15 billion funding associated with the recently passed National Reconstruction Fund (NRF) legislation, including $1 billion for critical technologies.

The 2021-22 budget allocated $124 million to implement the Government's Artificial Intelligence (**AI**) Strategy, and it remains a frustration to the sector that this funding has yet to be made available to industry. The 2023 Budget needs to reset and allocate this funding as a priority. The Budget also needs to fund the priorities and ambitions presented in the Government's National Quantum Strategy, over and above the co-funding initiatives that will take place through the NRF.

The AIIA is also calling on the Federal Government to leverage industry-led commercial approaches to growing capability in emerging and critical technologies by leveraging government procurement as an instrument for building a pipeline of future capability and national problem-solving, rather than solely relying on traditional funding and grants mechanisms managed through the Department of Industry, Science and Resources.

Noting the valuable first steps that the DTA has made in this space through the release of its draft guardrails for [Public Sector Adoption of Artificial Intelligence](#), the AIIA believes the Federal Government should be doing more to support and strengthen these outputs to on ensure the principled, ethical and legal adoption of AI across government and has made an important recommendation in this regard.

Note on cyber security and digital apprenticeships: The AIIA will be making submissions ahead of MYEFO and the 2024-25 Federal Budget to focus on the in-train reform agenda, including the implementation of anticipated changes to the *Privacy Act*, especially where it relates to realising cyber security capability at the SME layer of the economy via educational and taxation-related incentives and programs. The AIIA will also use those critical points to call for the funding of planned digital apprenticeships funding arising from the work of the Digital and Tech Skills Compact, on whose Working Group the AIIA has representation.

AIIA Priorities for Federal Budget 2023–24

1. **Deliver Pacific Digital Capability Uplift:** with the Albanese Government's strong focus of increased engagement with Pacific Islands countries, the Budget should allocate funding to leverage the technology industry's capacity to enmesh economies and **provide digital economy support to the region**, ensuring the Pacific Islands nations do not miss out on economic benefits of **digitisation, including cyber security uplift**. The AIIA ran a successful program in Suva, Fiji in early 2023 that delivered practical training, roundtables and capability uplift on cyber security, cloud fundamentals, business and government digitalisation and sustainability. The Government should fund an industry- and government-led engagement Pacific Islands-focused event in collaboration with local development-focused stakeholders.

2. **Invest in Cyber Security for SMEs:** the Government must protect Australia's digital economy by investing in the cyber security training ecosystem and uplift by ensuring there is practical **simulation-based training for Boards, SMEs and operational teams**; a business-focused **cyber security concierge service** for sole traders and small businesses; and renewed funding for the **SME Technology Investment Boost** (which among other things provides a bonus 20% tax deduction for eligible expenditure relating to Cloud computing services, cyber security services, online backup services, cybersecurity training and cloud computing training). This investment would help pave the way to the proposed changes to the *Privacy Act*, with it being recommended that the scope of the Act widen to include SMEs.

3. **Prioritise Quantum Strategy Funding and take a bold approach to Critical and Emerging Technology:** the AIIA believes that with new dedicated funding, there needs to be a revolution in the way government supports industry and not rely solely on grants. Boosting strategic investment in critical tech capability by government should include **placing contracts and determining the allocation of grants funding according to the strategic needs of the country**. In quantum technology, the AIIA in its [Response to the Draft Quantum Strategy](#)

has called for **$1bn in funding through contracts and grants to the sector over the next 5 years**. This will require funding over and above the $1bn Critical Technology Fund enabled by the National Reconstruction Fund (NRF) Corporation. As precedent, the UK in March announced a 10-year quantum strategy backed by £2.5bn pounds. A significant portion of funding should go to a central fund that government agencies can access, leading to **direct contracts for AI and quantum projects** that have a weighting to innovative Australian companies.

4. **Consider the budget requirements for a coordinating Council of Tech Regulators**: This Council would align policy makers and bring together the regulators of the technology sector from across government to **sequence and streamline technology policy to ease regulatory burden and duplication for industry**, noting the proliferation of technology, data and cyber security-related agencies and bodies within government. This would alleviate the barriers to entry for smaller players, including start-ups and SMEs, who may lack the internal capability and budget for external counsel to navigate this disjointed and duplicative complexity. It would also remove the regulatory and compliance burden across the Australian economy.

5. **Resource the Future Made in Australia Office (FMiAO) and implementation of the Buy Australian Plan**: Resourcing should focus on achieving greater strategic visibility and tracking of federal procurement spend into Australian-owned and Australian-headquartered companies including analysis across government and the collection of better data on government acquisition of innovative products and processes, in order to measure their value and innovative effect. Further, the government should invest in its own capability to report on the **sustainability** impacts of federal ICT procurements. Activating government-held data in line with the *DATA* regime in collaboration with industry so that **modelling and testing of new solutions in high-emission or transition-challenged sectors** such as energy, transport and resources would complement

these efforts.

6. **Establish a Federal Digital Innovation Project Fund**, modelled on the NSW Government's Digital Restart Fund. Similar to the quantum and AI funds, the digital innovation fund should earmark a portion of this Fund for Australian innovation and SMEs, to enable procurement pathways for Australia's tech start-up and scale-up community. The Government must ensure that the Fund is not 'raided' for business as usual (BAU) ICT funding and only used for transformational and innovative projects.

7. **Invest in the next stage of Federal Digital Identity** and refreshing the **National Identity Proofing Guidelines** – fast-tracking the next stage of digital identity implementation, coordinating work with state and territory authorities, finding opportunities for interoperability of drivers' licenses and similar identity documentation, including through the work of the Trusted Digital Identity Framework (**TDIF**). Government should also consider the budget requirements for developing a refreshed policy framework for authentications, authorisations and permissions, including a refreshed **National Identity Proofing Guidelines**, that re-considers the requirements for organisations to collect and store identity documents for their customers in order to provide products or services.

8. **Fund a reimagined myGov following the findings of the myGov user audit,** with customer experience at the heart of a seamless, secure, best-of-breed platform with sustainable funding as part of an expansive long-term vision.

9. **Unlock Artificial Intelligence Funding:** Fast-tracking the delayed **May 2021 $124m budget funding for Artificial Intelligence**, including ensuring a focus on commercialisation. The AIIA would also be open to reviewing the original scope of the strategy and its implementation regarding the core pillars.

10. **Implement AI adoption guidelines and governance rules for agency and establish an AI Register:** The initial steps undertaken by the DTA

to assess all new digital investments in emerging technologies were a welcome signal to industry on the importance of such structures to government. Government should urgently consider greater support for this work to implement **AI adoption guidelines and strict governance rules** for agencies and **establish an AI register** to allow transparency where AI is being used by government when engaging with citizens. In addition to the work of the DTA, Government can leverage the work the AIIA has done with KPMG in its AI adoption guide and checklist contained in the report [Navigating AI: Analysis and guidance on the use and adoption of AI.](#)

11. **Ensure the Department of Home Affairs** has necessary resources to **process student and high skilled visas for the tech sector** in light of acute skills shortages.

12. **Advance and fund best-practice virtual care and healthcare data practices**, including the **development of a national roadmap for greater industry adoption of FHIR (Fast Healthcare Interoperability Resource)** as created by the HL 7 including funding for pilot projects and use cases and nation coordination of general practice organisations and clinical systems vendors to move to cloud-based software by end-2024 in general practice and primary care as well as **investing in safe, secure, interoperable, fully leveraged quality virtual care** in a post-COVID world leveraging the 9 recommendations of the AIIA's 2021 paper [*Beyond Telehealth: Towards Virtual Care*](#)

13. Establish an **Office of the National Digital Twin** to drive Digital Twin capability development and application on existing infrastructure, urban growth planning and spatial agencies can champion Digital Twin advancement and be a starting point in creating a Digital Twin strategy and programs of work and a Digital Twin Standards Roadmap.